

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)	
COMMISSION OF THE APPLICATION OF THE)	
FUEL ADJUSTMENT CLAUSE OF BLUE GRASS)	CASE NO. 96-527
RURAL ELECTRIC COOPERATIVE CORPORATION)	
FROM NOVEMBER 1, 1994 TO OCTOBER 31, 1996)	

O R D E R

Pursuant to Commission Regulation 807 KAR 5:056, the Commission on November 14, 1996 established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of Blue Grass Rural Electric Cooperative Corporation ("Blue Grass") for the two years ended October 31, 1996.

As part of this review, the Commission ordered Blue Grass to submit certain information and an affidavit attesting to its compliance with Commission Regulation 807 KAR 5:056. Blue Grass has complied with this Order. The Commission further ordered that a public hearing be held in this case but cancelled it when, after publication of notice, no interested party advised the Commission of its intention to attend.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. Blue Grass has complied in all material respects with the provisions of Commission Regulation 807 KAR 5:056.

2. East Kentucky Power Cooperative, Inc. ("EKPC"), the wholesale supplier of Blue Grass, has been authorized to transfer (roll-in) a 0.23 mills per Kwh decrease in its base fuel cost to its base rates.¹

3. Blue Grass should be authorized to transfer (roll-in) a 0.24 mills per Kwh decrease in its base fuel costs to its base rates to reflect, as adjusted for line loss, the transfer of a 0.23 mills per Kwh decrease in EKPC's base rates. This transfer can best be accomplished by a negative energy adder to each Kwh sold.

4. The rates and charges in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable, and reflect the transfer of fuel costs from the FAC to the base rate.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Blue Grass through the FAC for the period November 1, 1994 to October 31, 1996 are approved.

2. Blue Grass is authorized to transfer to base rates those fuel costs (as adjusted for line-loss) rolled-in by EKPC from its FAC to its base rates.

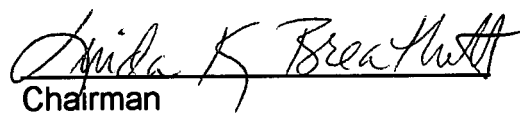
3. The rates in Appendix A are approved for service rendered by Blue Grass on and after September 1, 1997.

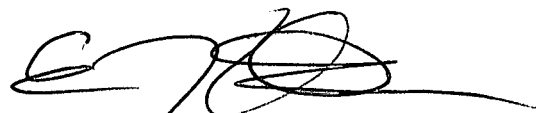
4. Within 30 days of the date of this Order, Blue Grass shall file with the Commission revised tariff sheets setting out the rates approved herein.


¹ Case No. 96-522, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. from November 1, 1994 to October 31, 1996.

Done at Frankfort, Kentucky, this 25th day of August, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 96-527 DATED AUGUST 25, 1997

The following rates and charges are prescribed for the customers in the area served by Blue Grass Rural Electric Cooperative Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

GS-1 (RESIDENTIAL, FARM AND NON-FARM)

Rate:

All KWH Per Month	\$.05206 Per KWH
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GS-3 (RESIDENTIAL, FARM AND NON-FARM TIME-OF-DAY RATE)

Rate:

Energy Charge Per KWH

On-Peak Energy	\$.06721
Off-Peak Energy	.02971

C-1 - COMMERCIAL AND INDUSTRIAL LIGHTING & POWER SERVICE

Energy Charge (Under 50 KW)

First 3,000 KWH	\$.05631 Per KWH
All Over 3,000 KWH	.05151 Per KWH

LP - #1 - LARGE POWER

Energy Charge (51-500 KW)

First 10,000 KWH	\$.04123 Per KWH
Next 15,000 KWH	.03453 Per KWH
Next 50,000 KWH	.02893 Per KWH
Next 75,000 KWH	.02663 Per KWH
All Over 150,000 KWH	.02493 Per KWH

LP - #2 - LARGE POWER

Rate:

Energy Charge (Over 500 KW)

First	3,500 KWH	\$.04206 Per KWH
Next	6,500 KWH	.03403 Per KWH
Next	140,000 KWH	.02890 Per KWH
Next	200,000 KWH	.02735 Per KWH
Next	400,000 KWH	.02643 Per KWH
Next	550,000 KWH	.02551 Per KWH
All Over	1,300,000 KWH	.02024 Per KWH

SECURITY LIGHTS

Rate Per Light Per Month:

175 Watt Mercury Vapor	\$4.49
400 Watt Mercury Vapor	6.39
100 Watt High Pressure Sodium	4.83
250 Watt High Pressure Sodium	6.67

STREET LIGHTING

Rate Per Light Per Month:

70 Watt High Pressure Sodium (ornamental)	\$5.02
100 Watt High Pressure Sodium (ornamental)	6.44
250 Watt High Pressure Sodium (ornamental)	8.41
70 Watt High Pressure Sodium (colonial)	7.80
(15' Mounting Height)	

GS-2 OFF-PEAK RETAIL MARKETING RATE
(ETS)

Rate:

All KWH Per Month	\$.03124 Per KWH
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LARGE INDUSTRIAL RATE
SCHEDULE C-1

Monthly Rate:

Energy Charge	\$.02734 Per KWH
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LARGE INDUSTRIAL RATE
SCHEDULE C-2

Monthly Rate:

Energy Charge

\$.02234 Per KWH

LARGE INDUSTRIAL RATE
SCHEDULE C-3

Monthly Rate:

Energy Charge

\$.02134 Per KWH

LARGE INDUSTRIAL RATE
SCHEDULE B-1

Monthly Rate:

Energy Charge

\$.02755 Per KWH

LARGE INDUSTRIAL RATE
SCHEDULE B-2

Monthly Rate:

Energy Charge

\$.02255 Per KWH